



TO: Education Committee, Michigan House of Representatives

FROM: Christine Stead, Ann Arbor Public Schools Board of Education Trustee

DATE: November 1, 2011

SUBJECT: Testimony Regarding Senate Bill 0618 Currently Under House Consideration

I want to thank my local representatives, especially David Rutledge and Jeff Irwin, for facilitating the submission of this testimony, as I am unable to attend the committee meeting in person today due to a business meeting out of state.

Senate Bill 0618, while part of a package of bills currently under consideration, warrants focused attention.

We know that charter schools do not perform, on average, as well as Traditional Public Schools (TPSs). If the intent of establishing charter schools (also known as Public School Academies or PSAs) was to outperform TPSs, we are not achieving that objective with the current charter schools already in existence. Nationally, 17% of charter schools perform better than TPSs, while 37% perform significantly worse¹. The remaining 46% are not performing better than TPSs.

In Michigan, there were 255 charter schools in 2010 and 241 in 2009 serving 130,000 and 103,000 students, respectively. This indicates that charter schools already have ample mechanisms in place to increase.

The FY12 budget passed by the State of Michigan in May 2011, affecting a historic \$470/student reduction in general foundation allowance, sent a significant message to the TPSs which consisted of at least the following:

- Public education is low enough on our priority list, that we can fund the majority of our Michigan Business Tax Break by cutting public education funding (\$1.1B of \$1.7B needed in the first year came from public education funding cuts, or 65% of the funding required).
- Significant budget cuts will force district consolidation and other cost efficiencies that we (legislators that passed this budget) believe are warranted, as we have too many TPSs. In Michigan, we have 551 TPSs in FY11.
- Fiscal accountability needs to improve for TPSs. Dashboards and a handful of other 'financial best practices' will be offered for districts to make \$100/pupil in general foundation allowance available for those that meet our requirements.

SB 0618 is inconsistent with the recent priorities that the FY12 budget reinforces in that it:

- Adds to the burden of public funding for public education, as PSAs are funded with public education dollars². The anticipated increase in PSAs will directly impact the amount of funding available for TPSs, further exacerbating the financial hardship that has been imposed on TPSs.
- Invests in an entity that we know is not effective, as measured by student performance outcomes.

¹ "Nontraditional K12 Schools in Michigan", Report 364, September 2010, Citizens Research Council.

² <http://www.legislature.mi.gov/documents/2011-2012/billanalysis/House/pdf/2011-HLA-0618-5.pdf>

- Achieves additional districts, which inherently dilutes the efficiencies of district consolidation and larger districts in regards to economies of scale.
- PSAs are not currently held to the same accountability standards as TPSs. Increasing public funds for resources that are not as accountable is counter to recent legislation directed at TPSs.
- Charter schools have more segregated student populations, which is also counter to a more integrated school environment.

In addition to the message that the budget sent to TPSs, accountability standards for TPSs have continued to increase, reflected by recent increases in MEAP cut scores passed by our State Board of Education. In addition to reporting requirements, the impact of the recent tenure reform legislation also requires more investment in measuring tools and infrastructure in order to measure student performance in a standardized manner at least twice during the school year. Much of this translates into unfunded mandates at the local public school level.

Much work needs to be done currently to improve the performance of the 255 charter schools that already exist in Michigan. Please consider ways to foster innovation and improve the performance of these programs before expanding them. We already invest too much in PSAs (130,000 students at \$7,000³/student is approximately \$910,000,000 annually).

Please look to other models for ways to foster innovation that is not overly burdensome legislation. An example you might consider from the health care center is the Centers of Medicare and Medicaid Innovation (CMMI), which was created to help foster and learn from innovative reimbursement models that achieve the triple aim of improved patient outcomes, improved care for all and decreased costs. This Center is set up to foster learning communities and issue regulations for innovative new programs in healthcare. Education could learn from this and approach innovation in education in a much more cost effective manner that is not overly legislated.

Demonstrate the leadership that we elected you for, which includes the careful investment in increasingly limited taxpayer dollars that can improve our State for all of its residents. SB 0618 would be irresponsible to pass without first fixing the PSA model such that student performance consistently outperformed TPSs, which is not the case.

I strongly urge you to defeat this bill.

Christine Stead
AAPS, Board of Education Trustee

³ Assumes a general foundation allowance less than the current maximum, but higher than the average and minimum.